

Value Chain Finance in Tajikistan

EBRD TAFF

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Goals of EBRD TAFF

General objective: support restructuring of Tajikistan's agricultural sector, including the cotton subsector

Specific objectives:

On-lending of up to 35 million USD to selected Partner Institutions (PIs) for crop finance

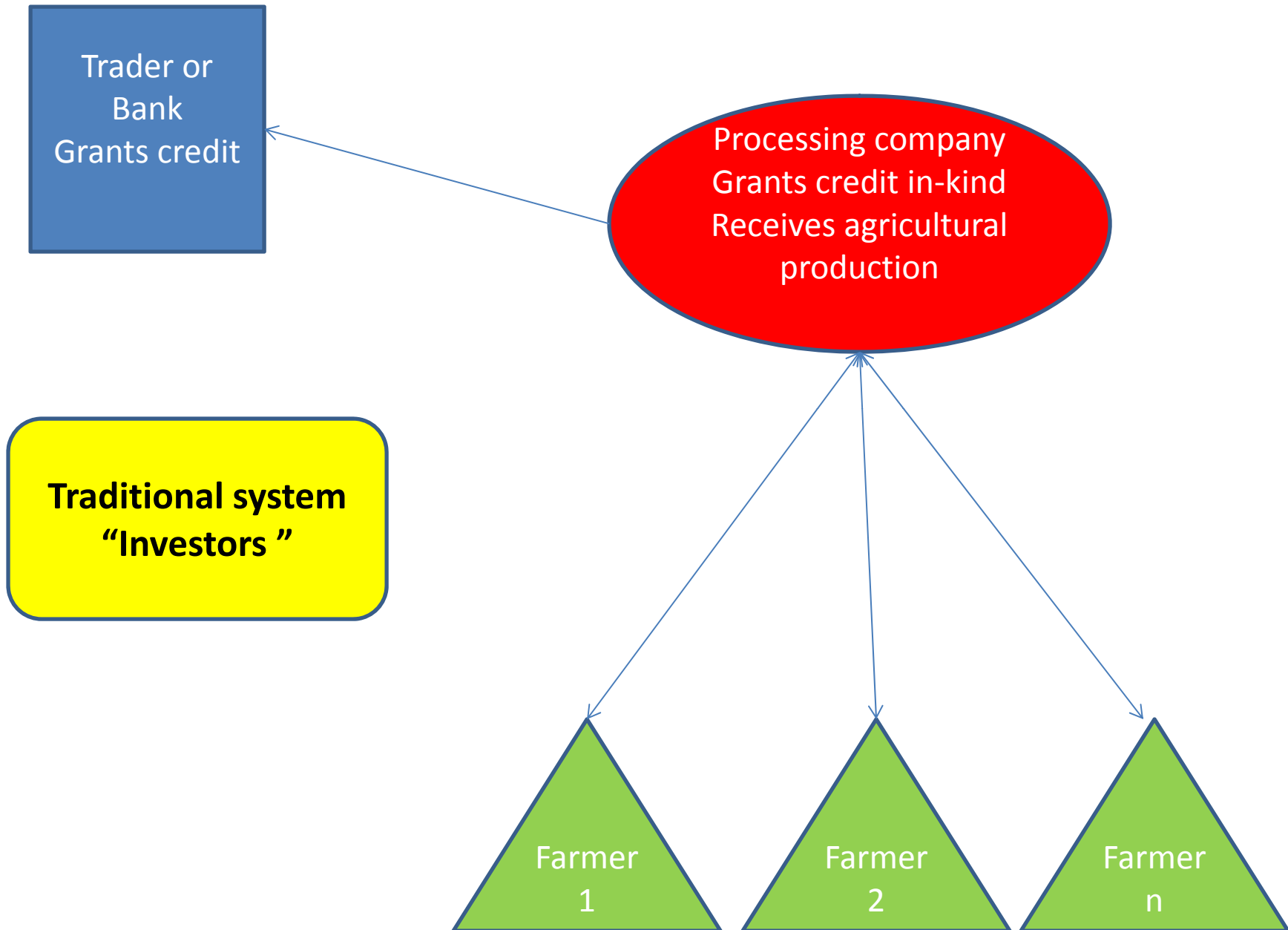
Technical assistance to PIs

Main agricultural constraints

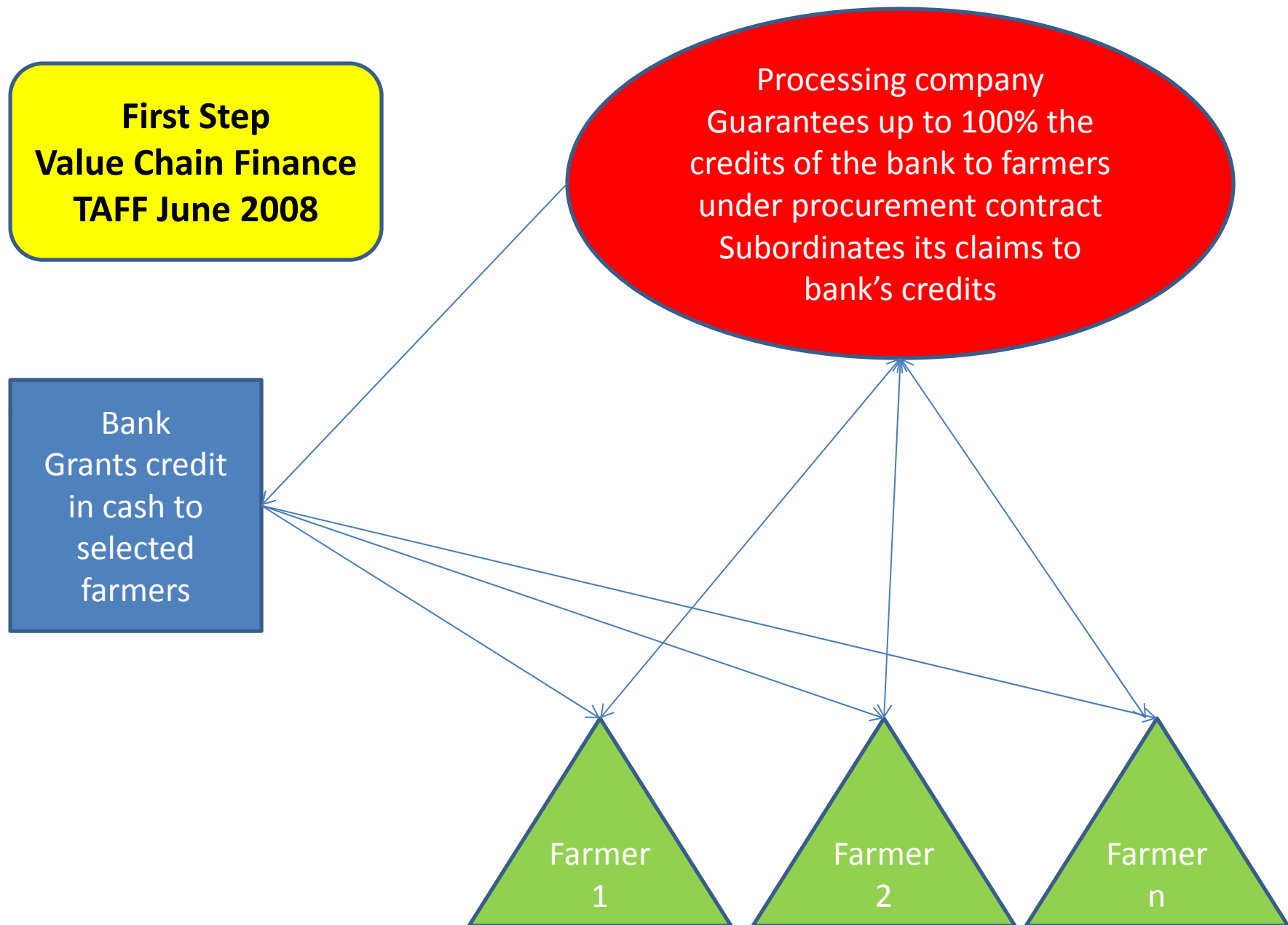
- Command agriculture versus freedom to farm
- The cotton debt burden
- An exhausted capital base
- A fragmented agrarian sector

TAFF challenges and financial innovations

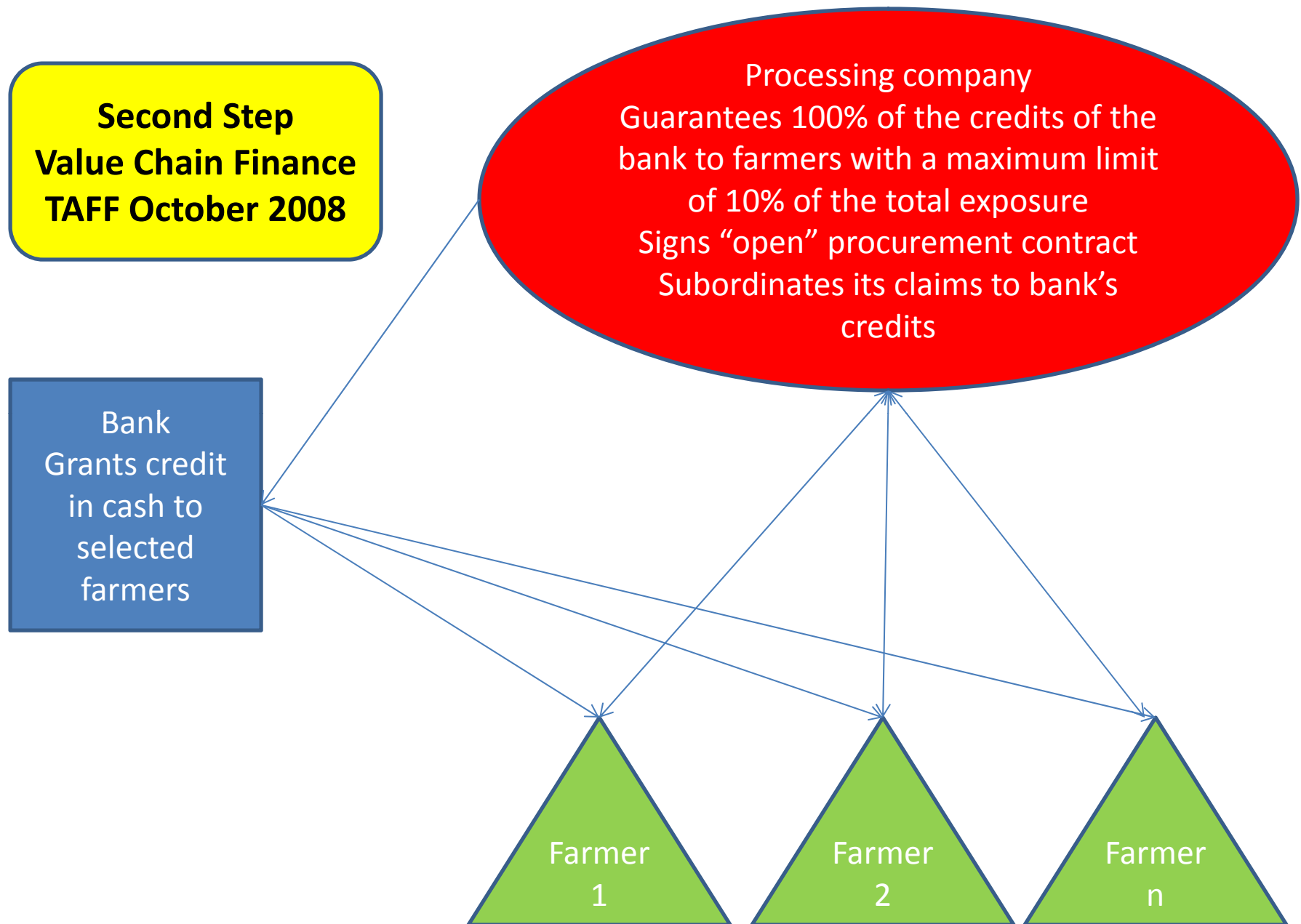
- Use agricultural finance as a catalyst for change and restructuring
- Consolidation from the bottom-up and development of cooperatives: **Institutional Group Finance**
- Rebuilding of linkages and tripartite resolution of cotton debt: **Value Chain Finance**



First Step
Value Chain Finance
TAFF June 2008

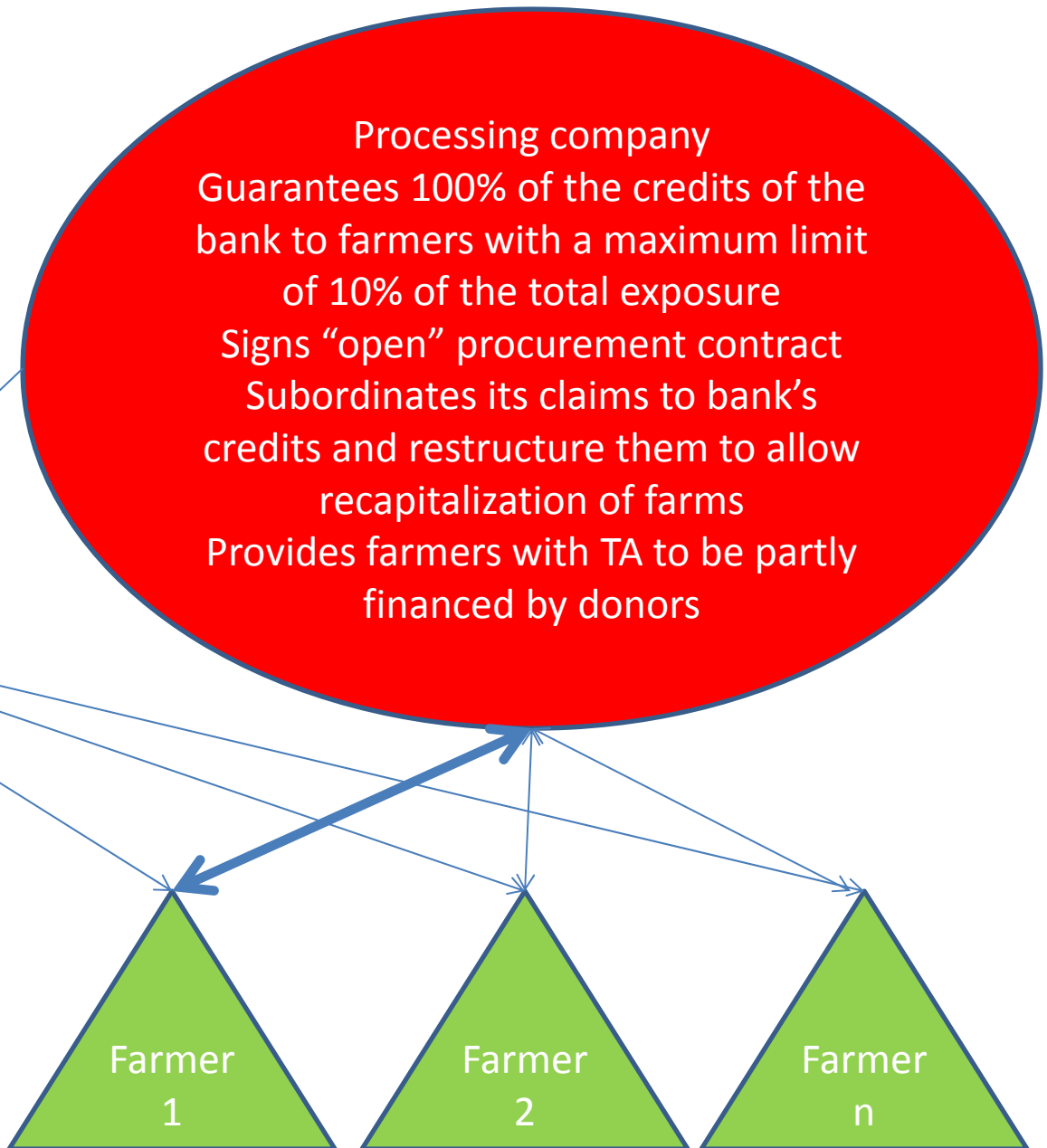


Second Step
Value Chain Finance
TAFF October 2008



**Final Step
Value Chain Finance
TAFF 2009**

Bank
Grants credit
in cash to
selected
farmers



Conclusion

- Value Chain Finance fosters the emergence of modern agro-processors able to build efficient linkages with partner-farmers
- Value Chain Finance paves the way for a comprehensive restructuring of effectively recognized debts in the cotton sector